

No.17/33/DPSP

Jakarta, 13 November 2015

C I R C U L A R L E T T E R

To

ALL PARTICIPATING BANKS OF

SISTEM BANK INDONESIA-REAL TIME GROSS SETTLEMENT

Subject: Procedure for the Usage of Intraday Liquidity Facility

In connection with the enactment of Bank Indonesia Regulation No. 17/18/PBI/2015 concerning Bank Indonesia Operated Systems for Management of Transactions, Administration of Securities, and Real-Time Fund Settlements (State Gazette of the Republic of Indonesia Year 2015 Number 273, Supplement of the State Gazette of the Republic of Indonesia No. 5762), it is necessary to establish the procedure for the usage of intraday liquidity facility as follows:

I. GENERAL PROVISION

1. Fasilitas Likuiditas Intrahari (Intraday Liquidity Facility), hereinafter referred to as FLI, is a liquidity facility provided by Bank Indonesia to Sistem BI-RTGS Participating Bank both in a conventional manner or under sharia principles, in order to resolve intraday liquidity mismatch encountered during Sistem BI-RTGS operational hours and/or in Settlement of multilateral net position as the result of the calculation in SKNBI.

2. FLI-RTGS...

2. FLI-RTGS is FLI used to resolve intraday liquidity mismatch encountered during Sistem BI-RTGS operational hours.
3. FLI-Kliring is FLI used to resolve intraday liquidity mismatch in Settlement of multilateral net position as the result of the calculation in SKNBI.
4. Sistem Bank Indonesia-Real Time Gross Settlement (Bank Indonesia-Real Time Gross Settlement System), hereinafter referred to as Sistem BI-RTGS, is an infrastructure used as means of electronic Fund Transfer which settlement is conducted on transaction-by-transaction basis in real-time.
5. Bank Indonesia-Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, is an infrastructure used as means of Transaction Administration and Administration of Securities conducted electronically.
6. Sistem Kliring Nasional Bank Indonesia (Bank Indonesia National Clearing System), hereinafter referred to as SKNBI, is an infrastructure used by Bank Indonesia in the Operation of Fund Transfer and Scheduled Clearing to process Electronic Financial Data of Fund Transfer Services, Debit Notes Clearing Services, Regular Payment Services, and Regular Billing Services.
7. Sistem BI-RTGS Participating Bank is Commercial Bank as specified in the Law on banks, including the branch offices of bank overseas and Sharia Bank including Sharia Business Unit as specified in the Law on sharia banks, which have become participant of Sistem BI-RTGS.
8. Securities are securities issued by Bank Indonesia, Government, and/or any other institutions administered on BI-SSSS.

9. Sertifikat Bank Indonesia (Bank Indonesia Certificates), hereinafter referred to as SBI, are securities denominated in Rupiah issued by Bank Indonesia as short-term debt instruments.
10. Sertifikat Deposito Bank Indonesia (Bank Indonesia Certificates of Deposit), hereinafter referred to as SDBI, are securities denominated in Rupiah issued by Bank Indonesia as short-term debt instruments that can be traded only inter-bank.
11. Sharia Bank Indonesia Certificates, hereinafter referred to as SBIS, are short-term securities based on sharia principles denominated in Rupiah issued by Bank Indonesia.
12. Surat Berharga Negara (Government Securities), hereinafter referred to as SBN, means Government Bonds and Government Sharia Securities.
13. Repurchase Agreement Transaction, hereinafter referred to as Repo, are sales of Securities to Bank Indonesia with an obligation to repurchase in accordance with the agreed price and time period of Repo.

II. USAGE OF FLI

1. Sistem BI-RTGS Participating Bank may use FLI if it meets the following requirements:
 - a. Usage of FLI-RTGS
 - 1) having Securities recorded in BI-SSSS; and
 - 2) having active participant status in Sistem BI-RTGS and BI-SSSS.
 - b. Usage of FLI-Clearing
 - 1) having Securities recorded in BI-SSSS; and
 - 2) having active participant status in Sistem BI-RTGS, BI-SSSS, and SKNBI.

2. FLI is conducted through Repo Transaction by using Securities owned by Sistem BI-RTGS Participating Bank recorded in BI-SSSS.
3. The Repo Transaction for the usage of FLI as referred to in number 2 shall be conducted in accordance with Bank Indonesia regulation that governs BI-SSSS operation.
4. Securities that may be used in Repo Transaction of FLI are:
 - a. SBI, SDBI, and/or SBN denominated in Rupiah, for Sistem BI-RTGS Participating Bank which is commercial bank conducting conventional business activities; or
 - b. SBIS and/or SBSN denominated in Rupiah, for the Sistem BI-RTGS Participating Bank which is commercial bank conducting business activities based on sharia principles including Sharia Business Units.
5. In the event of the Securities used in Repo Transaction are SBIS and/or SBSN denominated in Rupiah, then the clause of SBIS collateralization for SBIS Repo and/or the clause of the agreement (wa'ad) to repurchase SBSN shall be specified in the agreement of Sistem BI-RTGS usage signed by Sistem BI-RTGS Participating Bank and Bank Indonesia.
6. Securities as referred to in number 4 must meet the following requirements:
 - a. are not being collateralized to Bank Indonesia or other parties;
 - b. have a remaining term of maturity as follows:
 - 1) for SBI, SBIS, and SDBI, have a remaining term of maturity at least 5 (five) calendar days at the time of FLI usage; and

- 2) for SBN, have a remaining term of maturity at least 6 (six) calendar days at the time of FLI usage.
7. In a certain condition, Bank Indonesia may conduct an adjustment of the remaining term of maturity as referred to in point 6.b. The adjustment of the remaining term of maturity may be conveyed by Bank Indonesia through administrative messages of Sistem BI-RTGS or other means.
8. In the event of Securities used in Repo Transaction are SBI, SDBI and/or SBN, the price, haircut, and calculation of value of the Securities Settlement to be used in Repo Transaction shall refer to Bank Indonesia regulation that governs the criteria and requirements of securities, participants and intermediary institutions in the monetary operations.
9. In the event of Securities used in Repo Transaction are SBIS, then the price, margin, and calculation of SBIS Settlement value to be used in Repo Transaction shall refer to Bank Indonesia regulation that governs the procedure of SBIS repo transactions with Bank Indonesia.
10. In the event of Securities used in Repo Transaction are SBSN, then the price, haircut, and calculation of SBSN Settlement value to be used in Repo Transaction shall refer to Bank Indonesia regulation that governs the procedure of SBSN repo transactions with Bank Indonesia for sharia standing facilities.
11. The Repo Transaction as referred to in number 2 shall be conducted under the following rules:
 - a. Repo Transaction of FLI-RTGS
 - 1) Sistem BI-RTGS Participating Bank may use FLI-RTGS since the opening until the beginning of

cut-off...

cut-off warning period of Sistem BI-RTGS if and only if Sistem BI-RTGS Participating Bank has transferred the Securities through BI-SSSS to the Securities Account related to FLI as determined by Bank Indonesia.

- 2) The usage of FLI-RTGS shall be conducted based on the adequacy values of the Securities available in the Account as referred to in number 1).
 - 3) The usage of FLI-RTGS shall be conducted automatically at the time the fund in Fund Settlement Account of Sistem BI-RTGS Participating Bank is insufficient to settle outgoing transactions.
 - 4) Fund disbursement for the usage of FLI-RTGS as referred to in number 3) shall be made in the amount needed by Sistem BI-RTGS Participating Bank.
 - 5) The quantity of Securities used in Repo Transaction shall have a total value no less than the amount of fund disbursement as referred to in number 4).
 - 6) The nominal calculation of the Securities as referred to in number 5) shall be based on the smallest unit of the Securities in BI-SSSS with rounding up.
- b. Repo Transaction of FLI-Clearing.
- 1) Sistem BI-RTGS Participating Bank may use FLI-Kliring if it has transferred its Securities through BI-SSSS to the Securities Account as determined by Bank Indonesia.

- 2) The transfer of Securities as referred to in number 1) shall be conducted in order to provide debit clearing prefunds as stipulated in Bank Indonesia regulation concerning operation of fund transfer and scheduled clearing by Bank Indonesia.
 - 3) The usage of FLI-Kliring shall be conducted based on the adequacy of the Securities values available in the account as referred to in number 1).
 - 4) The usage of FLI-Kliring shall be conducted automatically at the time the fund in the Fund Settlement Account of Sistem BI-RTGS Participating Bank is insufficient for the conduct of fund Settlement of multilateral net position as the result of the calculation in SKNBI.
 - 5) Fund disbursement for FLI-Kliring used as referred to in number 4) shall be conducted in the amount needed by Sistem BI-RTGS Participating Bank.
 - 6) The quantity of Securities used in Repo Transaction has a total value no less than the amount of fund disbursement as referred to in number 5).
 - 7) The nominal calculation of the Securities as referred to in number 6) shall be based on the smallest unit of the Securities in BI-SSSS with rounding up.
12. The mechanism of fund disbursement for FLI usage as referred to in point 11.a.4) and 11.b.5) shall be conducted in accordance with Bank Indonesia regulation that governs operation of Sistem BI-RTGS.

III. FEE OF THE USAGE OF FLI

1. Bank Indonesia shall impose fee for FLI usage charged to the Fund Settlement Account of Sistem BI-RTGS Participating Bank on the next working day after the usage of FLI.
2. The fee as referred to in number 1 shall be determined as follows:

$$\text{Fee} = N \times [t / (10.5 \text{ hours} \times 60 \text{ minutes})] \times i \times [1/360]$$

Explanation:

N = nominal value of FLI usage

t = duration of FLI usage

i = a. weighted average of morning PUAB overnight on the day of FLI usage, for Commercial Bank, and
 b. weighted average of morning PUAS overnight (SIMA of Fixed Asset) one (1) day before the usage of FLI, for Sharia Bank and Sharia Business Unit of Sistem BI-RTGS Participating Bank.

10.5 hrs = time period from the opening of operational hours (06:30 am) until the beginning of cut-off warning period of Sistem BI-RTGS (05:00 pm).

3. Fee for the usage of FLI as referred to in number 2 shall be calculated as follows:
 - a. Fee for FLI usage within the first one (1) hour shall be calculated based on accumulated nominal value of FLI used by Sistem BI-RTGS Participating Bank by rounding up the time to one (1) hour.
 - b. Fee for FLI usage after one (1) hour shall be calculated in accordance with the position (outstanding) of FLI

nominal...

nominal value used with the time of usage rounded up to the closest minute calculation.

4. An example of fee calculation for the usage of FLI as referred to in number 2 may be seen in the Attachment which is an integral part of this Circular Letter of Bank Indonesia.

IV. FLI REPAYMENT

1. Sistem BI-RTGS Participating Bank is obliged to repay the usage of FLI on the day of the FLI usage.
2. Sistem BI-RTGS Participating Bank may repay every usage of FLI at any points of time during the operational hours until the end of cut-off warning period of Sistem BI-RTGS.
3. FLI repayment as referred to in number 2 shall be conducted through BI-SSSS in accordance with Bank Indonesia regulation that governs the operation of BI-SSSS.
4. In the event of Sistem BI-RTGS Participating Bank has not repaid its FLI until the end of cut-off warning period of Sistem BI-RTGS, Bank Indonesia shall issue Fund Settlement instruction for the FLI repayment in the beginning of Sistem BI-RTGS pre cut-off period.
5. Fund Settlement instruction as referred to in number 4 shall be by debiting the Fund Settlement Account of Sistem BI-RTGS Participating Bank.
6. Sistem BI-RTGS Participating Bank may transfer back the Securities used in the FLI-RTGS to its Securities Account before the end of cut-off warning period of Sistem BI-RTGS, in the event of:
 - a. Sistem BI-RTGS Participating Bank has repaid the usage of FLI-RTGS; and/or

b. the...

- b. the remaining value of Securities in the FLI related account as determined by Bank Indonesia still may cover FLI-RTGS being used and not repaid.

V. TREATMENT OF UNREPAID FLI

1. In the event of Sistem BI-RTGS Participating Bank is not able to repay the usage of FLI as referred to number IV.4, against the unpaid value of FLI, it shall be treated as lending facility transaction with Bank Indonesia.
2. Mechanism of lending facility as referred to number 1 shall refer to Bank Indonesia regulation that governs interest rate corridor (standing facilities), the procedure of SBIS repo transactions with Bank Indonesia, and the procedure of SBSN repo transactions with Bank Indonesia for sharia standing facilities.

VI. OTHER PROVISIONS

With the enactment of this Bank Indonesia Circular Letter, the FLI Usage Agreement and the FLIS Usage Agreement shall become repealed.

VII. CLOSING

At the time this Bank Indonesia Circular Letter comes into force:

- a. Bank Indonesia Circular Letter Number 11/17/DPM dated 7 July 2009 concerning the Procedure of Intraday Liquidity Facility Provision Based on Sharia Principle;
- b. Bank Indonesia Circular Letter Number 12/4/DASP dated 1 February 2010 on the Amendment to Bank Indonesia Circular Letter Number 11/17/DPM concerning the

Procedure of Intraday Liquidity Facility Provision Based on Sharia Principle;

- c. Bank Indonesia Circular Letter Number 12/29/DASP dated 10 November 2010 concerning the Procedure of Intraday Liquidity Facility Provision for Commercial Banks; and
 - d. Bank Indonesia Circular Letter Number 15/34/DASP dated 27 August 2013 on the Amendment to Bank Indonesia Circular Letter Number 12/29/DASP concerning the Procedure of Intraday Liquidity Facility Provision for Commercial Banks,
- shall be revoked and declared not applicable.

This Circular Letter of Bank Indonesia shall come into force on 16 November 2015.

For public cognizance, ordering the promulgation of this Circular Letter of Bank Indonesia by placing it in the State Gazette of the Republic of Indonesia.

Hereby, for your attention and understanding,

BANK INDONESIA,

BRAMUDIJA HADINOTO

HEAD OF PAYMENT SYSTEM MANAGEMENT
DEPARTMENT